



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, FEBRUARY 27, 2004
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

NEW YORK PRINTING BROKER PLEADS GUILTY TO BID-RIGGING AND CONSPIRACY CHARGES

WASHINGTON, D.C. -- A printing and graphic services broker pleaded guilty today to bid-rigging and conspiracy charges relating to his contracts with Salomon Smith Barney, Inc. (SSB) and its predecessor Smith Barney, Inc., an investment bank headquartered in Manhattan, the Department of Justice and David N. Kelley, the United States Attorney for the Southern District of New York (SDNY), announced.

James Bechand of Lloyds Neck, New York, an independent broker selling on behalf of a printing company based in Ronkonkoma, New York, pleaded guilty today in U.S. District Court in Manhattan to one count of conspiracy to commit commercial bribery and mail fraud and one count of bid rigging in connection with a scheme to defraud SSB.

"This case demonstrates that even large regulated organizations need to be aware of the potential for collusion between their employees and vendors," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division.

According to the charges, between early 2000 and August 2001 Bechand paid more than \$35,000 in kickbacks to an unidentified SSB executive in exchange for a promise that his annual business with SSB would double from \$1 million to \$2 million. The kickbacks allegedly took the form of payments by Bechand on the SSB executive's credit card and home equity line of credit, and to pay off additional expenses incurred by the executive.

In addition, the charges state that on the SSB executive's instructions, Bechand submitted intentionally high "cover bids" for various SSB printing contracts, including one bid for a contract substantially in excess of \$1 million. The cover bids were allegedly designed to subvert SSB's competitive bidding requirement and to lead SSB to believe that it was receiving the best value for its money, when in fact it was not. As a result of the alleged corrupt relationship between Bechand and the SSB executive, SSB paid higher prices for printing than it would have if its executive had aggressively and honestly solicited competitive prices from other vendors.

Bechand is charged with bid rigging in violation of the Sherman Act, 15 U.S.C. § 1, which carries a maximum penalty of three years' imprisonment and a \$350,000 fine for an individual and with conspiracy to commit commercial bribery and mail fraud in violation of 18 U.S.C. § 371, which carries a maximum penalty of five years' imprisonment, three years supervised release, and a \$250,000 fine. The maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fines. In addition, the defendant is subject to pay restitution to any victim for the full amount of that victim's loss.

The prosecution of Bechand is being conducted jointly by the Antitrust Division's New York Field Office and the U.S. Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the advertising and printing/graphics industries should contact the New York Field Office of the Antitrust Division at (212) 264-0383 or the New York Division of the FBI at (212) 384-2219.

###